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SUBJECT: MEDIA REACTION REPORT - Montenegro Olmert to Washington
PARIS - Tuesday, May 23, 2006

(A) SUBJECTS COVERED IN TODAY'S REPORT:

Montenegro
Olmert to Washington

B) SUMMARY OF COVERAGE:

The probable merger between Euronext and the NYSE is today's lead story for le Figaro and the economic press. Les Echos, which leads with the general downward slide of international markets, has this commentary about the merger: "The path appears to be narrowing for Deutsche Borse and the London Stock Exchange in the face of the number one transatlantic market which is slowly taking shape." Le Figaro Economie acknowledges that "Wall Street's Mermaid Call Has Charmed Euronext." In its editorial titled "Questions for the Future" La Tribune comments: "Let us hope that the future will not go wrong. What will happen to the notion of independence, which made Euronext's strength? And what will Europe's influence be if tomorrow's European financial markets will be made up of the NYSE and Euronext on one hand, the Nasdaq and London on the other? What will be left in this American-American market for the Europeans?" La Croix's editorial titled "Finances Without Borders" faults government authorities in Europe for not defending "a European federation of finances."

Liberation interviews professor of economics Bruno Biais, who describes the advantages of the merger: "To attract American investors to Europe and to make it easier for European investors to diversify their portfolios through American stock." Asked whether the David-Euronext runs the risk of being swallowed by the Goliath-NYSE, Biais says: "The NYSE appreciates the competence and creativity of Euronext and it is in its interest to allow Euronext to maintain a certain freedom."

The main international story is the outcome of the referendum in Montenegro, and the choice for independence from Serbia, which according to Le Figaro's front page "leaves Europe somewhat embarrassed." The editorial warns against the "Domino Effect" while Le Monde's editorial comments: "The EU has come to the conclusion it cannot force coexistence on people who do not want to live together." (See Part C)

Le Figaro reports on Olmert's visit to Washington (See Part C) and Blair's surprise trip to Baghdad, where he saluted "A New Iraqi Era."

(C) SUPPORTING TEXT/BLOCK QUOTES:

Montenegro Referendum

"Careful About the Domino Effect"
Pierre Roussel in right-of-center Le Figaro (05/23): "It is a relief to see that in the Balkans a nation like Montenegro can achieve independence without bloodshed. This is an incredible progress when compared to the wars of the 90s, which led to Yugoslavia's break up... The referendum went smoothly because it was mere confirmation of an existing situation... Serbia-Montenegro was practically already defunct... It would be a waste of energy to fight against the inevitable. Europe cannot reject these pro-Europeans and favor those who still support Milosevic. Europe has to deal with this new deck of cards and with Serbia's trauma, and Kosovo's future independence. It is the Kosovars who will gain the most from this referendum: indeed no one will dare deprive them of their hopes for independence. But the danger of an endless domino effect must be considered, because it can 'balkanize' the entire region and reach far beyond into Abkhazia... The birth of a new European nation cannot serve as a model for one and all. Each situation must be appraised independently. And the European Union will have to send out this message all the while helping Montenegro and Serbia to handle their divorce as best they can."

"Montenegro on the Road to Europe"

Pierre Haski in left-of-center Liberation (05/23): "This is the last act of a play involving Yugoslavia. With their choice for independence, the Montenegrins have also decided the fate of Serbia, which finds itself alone and independent, but without having chosen its future... It is commendable that this last act was played out without any shots being fired. The Montenegrins have chosen to

follow the rules set by Europe. How far can this principle go? Indeed the question becomes thornier when applied to other Republics from former Yugoslavia... And even within Europe, the Basque and Catalan independence groups are looking at the Montenegro precedent closely... Is Europe condemned to such a fate on the basis that 'small is beautiful' and a desire to preserve a national integrity, which has been underestimated in the European construction? This is one more paradox in these times of globalization and political as well as economic regrouping."

"Balkanization"

Left-of-center Le Monde in its editorial (05/23): "The EU has come to the conclusion it cannot force coexistence on people who do not want to live together. Self-determination is a praiseworthy principle, but it carries a certain amount of danger. If applied to the letter, it can lead to the region's 'balkanization' through contagion."

Olmert to Washington

"Olmert Presents Bush his Pullout Plan"

Philippe Gelie in right-of-center Le Figaro (05/23): "If protocol did not reserve the expression to heads of state, this would be a 'state visit.' Washington's welcome and the program set for Olmert establish the foundations for a personal relationship and a common strategy for the future. Like his predecessor, Olmert is coming with an 'all inclusive' plan he will offer the Americans. Olmert is preparing to pursue the unilateral pullout plan implemented by Sharon, all the while making overtures to Abbas and speaking in favor of the roadmap... In order not to antagonize the American President, Olmert will only broach the broad lines of convergence, which can be adjusted if needed... According to an Israeli diplomat, the Americans and the Israelis will speak publicly of their support for the roadmap, and in private of what they would do if it does not work out. And indeed the situation is not ripe for the success of the peace process. Hamas is in power but is still not a respectable political entity as long as it does not recognize Israel or give up violence... But the White House has nothing concrete to offer: since President Bush presented his 'vision' of two states living side by side, his policy has basically been one of 'laissez-faire.' According to Brent Snowcroft, 'the U.S. failed because it should have injected lots of money into Gaza after the pullout. We let Hamas fill a vacuum. Now we are trying to push Hamas to fail. And if we succeed, we will be held accountable.' While Washington has reluctantly accepted the system to distribute humanitarian aid, the disagreement with the Europeans remains over Palestinian salaries. The Israeli-Palestinian conflict has receded as a priority for the Americans. And Olmert, whose margin of maneuver has grown, will nudge Bush on his obsession of the day: nuclear Iran."

"Olmert Wants to Rally Bush to His Plan"

Joel David in Catholic La Croix (05/23): "President Bush does not seem ready to give his green light to Olmert without seeing the entire plan: before he gives his political and financial support, Bush expects to have all the ins and outs of the plan explained to him. For the time being he will stick to the roadmap... The Americans will be asking for time, and will caution against precipitous unilateralism. This is also what the Europeans and Arab countries want. Mired in Iraq and falling steadily in the polls, the American President cannot afford to take risks with the Israeli-Palestinian conflict. For the time being it would appear that priorities, whether they are examined in Jerusalem or in Washington, are not exactly the same." HOFMANN